

people. Guests often pose for pictures with a partner on the shoulder. But when five descended on one visitor she was surprised.

## Brazilian Burdens

# Leftist Trend and Empty Treasury Plague the Latin American Giant

RIO DE JANEIRO.

The gaudy bunting that lately hung above the Avenida Presidente Vargas has been carted off to the city dump. The last bossa nova has been danced in the streets, and the last vagrant drunk has been rounded up by Rio's temporarily overworked police. Carnival, the four-day celebration with which Brazilians traditionally welcome Lent, has ended—and if this year's observance seemed somewhat more high-spirited than usual, perhaps it's because this year Brazilians have a good deal more to forget.

For the average citizen of this hulking nation—the size of the United States minus Alaska—his problems are mainly a simple matter of money: Everything costs more than twice as much as it did two years ago. During that time the basic currency unit, the cruzeiro, has dropped in value from about 220 to the dollar to 455.

For government officials, unless something is done quickly, this skyrocketing inflation will mean that the government won't be able to pay its bills. These men have other problems, too—among them the difficulties involved in forming a foreign policy that's acceptable both to Washington and to Brazil's increasingly vocal leftist element.

This week, all these problems will be thrashed out anew when Finance Minister Francisco San Thiago Dantas arrives in Washington for a series of high-level talks. He's also arriving, not quite incidentally, with a request for money. No one knows exactly how much, but he's likely to ask a whopping combination of aid, loans, and renegotiated debt payments running into the hundreds of millions.

Brazil's stability is crucial to United States policy in Latin America, just as United States aid is crucial to Brazilian development—and, perhaps, to Brazilian survival itself. Thus the question this week is how much each nation is willing to compromise. The United States, for instance, has some firm ideas on what Brazil ought to do in exchange for further help—among them, adopting a more co-operative stance in hemispheric discussions.

### U.S. Has Not Forgotten

United States officials have not forgotten that Dr. Dantas, as Brazilian foreign minister at last year's Punta del Este conference of Latin American states, was the main spokesman opposing stiff sanctions against Cuba. Brazilians have not forgotten, either. Rio's O Globo newspaper said recently in an editorial that, "The United States people are deeply impressed by what happened in Cuba. . . . Brazil, in order to obtain the aid that it needs for its development, must do away with the last vestiges of a dubious foreign policy adopted under (former President) Janio Quadros." That policy can be roughly described as "neutrallist," and its main exponent was Dr. Dantas.

Just how much of that policy now remains is debatable. But Dr. Dantas has been warned he will have to answer a lot of questions about it when he gets to Washington. Herbert May, United States deputy assistant Secretary of State, came to Brazil last month for two reasons: (1) To find out what Dr. Dantas intends to say in the United States, and (2) to indicate what he ought to say to be successful.

One statement that would mollify Washington would be some assurance that the government of President Joao Goulart isn't as leftist as some people think. Mr. Goulart himself has been vague on the subject. Early in January he promised a cabinet reshuffle that he indicated would be favorable to the United States. When the shuffle came, though, much of the new cabinet constituted a roll call of Brazil's leading leftists.

These are not officially Communists (the party has been outlawed in Brazil since 1947), but they're men who think in "neutrallist" or anti-American foreign policy terms. Among them are Hermes Lima, retained as dual prime minister and foreign minister; Alfonso Arinos, minister of labor, who once called the Cuban revolution "a great sower of seed throughout Latin America"; Joao Mangabeira, justice minister; and Jose Ermilo de Moraes, minister of agriculture.

Many Americans here hold that the Goulart government is made up of a few decent and democratic men, a few Communists or Communist-sympathizers, and a vast majority of political opportunists. In recent weeks, this view has been challenged by an unlikely coalition composed of the government, some normally "pro-

American" Brazilians, and newspapers that generally oppose the president. Says one government official: "You Americans are so used to worrying that you can't stop. The whole political climate is changing, but you don't want to see it."

Assuming Brazil gets its money, what then? Many Brazilians say the nation will be off and running on a new spurt of progress and development. In this view, the country already has weathered its worst crisis, and nothing is needed now but time and money—a lot of money, and quick. This is the line Dr. Dantas will take in Washington.

There is some factual support for this opinion. Despite its currency problems, Brazil's economy has been growing at a brisk 6 per cent yearly clip, and industries like power and steel have improved even faster.

Early this year President Goulart unveiled a three-year plan designed to maintain this pace, while getting the rest of the country's economic house in order. Drawn up by newly appointed Minister of Planning Dr. Celso Furtado, a 43-year-old economist who looks like actor Jack Palance, the 800-page plan calls for increased foreign aid and investment, an aim that's considered a sign of "moderation" in the Goulart cabinet. Already, factories that are wholly or partly foreign-owned turn out some 50 per cent of Brazil's annual production.

Shortly after it appeared, the document was attacked by Communists and nationalists alike. Luis Carlos Prestes, legendary leader of the outlawed Communist party, said "It does not take care of the structural causes of inflation, but is based on refinancing by private capital." Congressional nationalists, led by Deputy Sergio Magalhaes, said the plan "neither substitutes nor alters the setup whereby foreign capital continues to exploit . . . all of Brazil's efforts."

Last week, thousands of laborers marched on the labor ministry carrying signs reading "Down with the Three-Year Plan." Though the plan will be Dr. Dantas' biggest lever in Washington, it is unpopular here.

### Minimum Wage Goes Up

The plan proposes to cut what ex-Finance Minister Miguel Calmon calls "super-inflation," which has made Brazilian money just about worthless and caused the nation tremendous problems with its international credit. This inflationary spiral is caused by government deficit financing, which is expected to result in a \$1 billion deficit this year (though Mr. Dantas says he'll reduce that figure to \$300,000,000 by year's end).

The minimum wage went up 50 per cent on Jan. 1. When the government ended subsidies for fuel and petroleum imports, the National Petroleum Council announced a 70 per cent increase in the cost of oil derivatives, including gasoline and Diesel fuel for transport. Rents in the Rio area have just about tripled in the last two months. Steel prices went up 21 per cent in November, and 17 per cent more in January.

Wheat prices doubled in January, when subsidies were removed. And after the government price control office refused to let bakers pass the entire increase on to the public, bread suddenly disappeared from the market. Rice, beans, and sugar had gone the same route some months before.

Labor leaders demanding wage increases no longer base their claims on past inflation, but on estimates for the future. At a recent meeting of an organization called the General Strike Command, labor spokesmen decided to claim a 70 per cent wage increase starting March 1. They appointed a committee, according to one union leader, "to organize a campaign that must be a blitz, so that inflation will not overtake our claims." In the city of Belo Horizonte, bus drivers struck for a 100 per cent wage boost, and publicly damaged their own buses to dramatize their case.

An International Monetary Fund fact-finding commission recently recommended that the nation bring inflation under control within 12 months, instead of the 36 called for in the Furtado plan. Dr. Furtado said this was "too much to expect."

Thus the haze of optimism that hung on the land early this year is slowly being burned away by the hot glare of reality. At the moment the spotlight is on three men: Dr. Dantas, Dr. Furtado, and President Goulart. And the huge responsibility seems to have sobered all three considerably.

—HUNTER S. THOMPSON